JOINT STOCK COMPANY AIR ASTANA

Condensed Interim Financial Information
For the nine-month period
ended 30 September 2012
(Unaudited)

JOINT STOCK COMPANY AIR ASTANA

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STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2012

The following statement, which should be read in conjunction with the independent auditors' responsibilities stated in the independent auditors' report on review of condensed interim financial information set out on page 2, is made with a view to distinguish the respective responsibilities of management from those of the independent auditors in relation to the condensed interim financial information of Joint Stock Company Air Astana (the "Company").

Management is responsible for the preparation of the condensed interim financial information that presents fairly the financial position of the Company as at 30 September 2012 and the results of its operations, cash flows and changes in equity for the nine-month period ended, in accordance with International Accounting Standard 34: Interim Financial Reporting (IAS 34).

In preparing the condensed interim financial information, management is responsible for:

- Selecting suitable accounting principles and applying them consistently;
- Making judgments and estimates that are reasonable and prudent;
- Stating whether IAS 34 has been followed; and
- Preparing the condensed interim financial information on a going concern basis, unless it is inappropriate to presume that the Company will continue in business for the foreseeable future.

Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls in the Company;
- Maintaining proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the Company, and which enable them to ensure that the condensed interim financial information of the Company comply with IAS 34;
- Maintaining statutory accounting records in compliance with legislation of the Republic of Kazakhstan and IFRS;
- Taking such steps as are reasonably available to them to safeguard the assets of the Company; and
- Detecting and preventing fraud, errors and other irregularities.

The condensed interim financial information for the nine-month period ended 30 September 2012 was authorized for issue on 9 November 2012 by management of the Company.

On behalf of management of the Company:

АО «ЭЙР АСТАНА»

Peter Foster
President

9 November 2012
Almaty, Republic of Kazakhstan

Alima Zamanbekova
Chief Accountant

9 November 2012
Almaty, Republic of Kazakhstan

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INDEPENDENT AUDITORS' REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Shareholders and Board of Directors of JSC Air Astana:

We have reviewed the accompanying condensed interim statement of financial position of JSC Air Astana (the "Company") as at 30 September 2012, and the related condensed interim statement of comprehensive income, changes in equity and cash flows for the nine-month period ended 30 September 2012, and a summary of significant accounting policies and other explanatory information. Management is responsible for the preparation and presentation of this interim condensed financial information in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting. Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial information is not prepared, in all material respects, in accordance with IAS 34, Interim Financial Reporting.

Deloitte, LLP

9 November 2012
Almaty, Republic of Kazakhstan

JOINT STOCK COMPANY AIR ASTANA

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2012 (UNAUDITED)
(in thousands of USD)

	Notes	Three-month period ended 30 September 2012 (unaudited)	Three-month period ended 30 September 2011 (unaudited)	Nine-month period ended 30 September 2012 (unaudited)	Nine-month period ended 30 September 2011 (unaudited)
Revenue					
Passenger revenue	5	236,902	208,474	613,386	540,380
Cargo and mail	5	6,859	5,906	18,160	15,308
Other revenue	5	4,451	3,467	12,102	9,777
Total revenue		248,212	217,847	643,648	565,465
Operating expenses					
Fuel		(63,492)	(52,293)	(182,315)	(127,580)
Handling, landing fees and route charges	6	(26,329)	(22,143)	(71,915)	(62,340)
Aircraft operating lease costs	6	(20,692)	(18,604)	(62,424)	(53,186)
Employee costs	6	(19,752)	(20,230)	(61,307)	(57,209)
Engineering and maintenance	6	(20,058)	(21,667)	(59,533)	(62,909)
Passenger service	6	(22,068)	(20,273)	(57,514)	(51,356)
Selling costs	6	(12,307)	(14,762)	(39,474)	(39,328)
Aircraft crew costs	6	(9,127)	(10,957)	(29,509)	(29,828)
Taxes, other than income tax		(1,922)	(1,640)	(5,311)	(4,951)
Depreciation and amortisation	10	(1,761)	(1,665)	(5,179)	(4,473)
Insurance	6	(1,271)	(1,229)	(3,884)	(3,946)
Property lease cost		(1,287)	(1,044)	(3,808)	(3,585)
Information technology		(838)	(685)	(2,380)	(1,886)
Consultancy, legal and professional services		(722)	(517)	(1,648)	(2,105)
Other		(1,526)	(947)	(5,072)	(3,311)
Total operating expenses		(203,152)	(188,656)	(591,273)	(507,993)
Operating profit		45,060	29,191	52,375	57,472
Finance income	7	1,073	2,436	3,144	8,427
Finance income/(costs)	7	542	(2,295)	(1,800)	(2,067)
Foreign exchange gain/(loss), net		659	(254)	453	(1,842)
Profit before tax		47,334	29,078	54,172	61,990
Income tax expense	8	(9,541)	(5,767)	(11,475)	(12,679)
Net profit for the period		37,793	23,311	42,697	49,311
Other comprehensive loss:					
Foreign currency translation loss		(939)	(3,000)	(2,427)	(967)
Income tax	8	(22)	(92)	(67)	(49)
Other comprehensive loss for the period		(961)	(3,092)	(2,494)	(1,016)
Total comprehensive income for the period		36,832	20,219	40,203	48,295
Basic and diluted earnings per share (in USD)	17	2,223	1,371	2,512	2,901

On behalf of the Company's management:

Peter Foster
President

9 November 2012
Almaty, Republic of Kazakhstan

Alima Zamanbekova
Chief Accountant

9 November 2012
Almaty, Republic of Kazakhstan

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The notes on pages 8 to 33 form an integral part of this condensed interim financial information. The independent auditor's report on review of condensed interim financial information is on page 2.

JOINT STOCK COMPANY AIR ASTANA

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2012 (UNAUDITED)
(in thousands of USD)

	Notes	30 September 2012 (unaudited)	31 December 2011
ASSETS			
Non-current assets			
Property, plant and equipment	9	40,821	34,101
Intangible assets		2,686	3,152
Prepayments for long-term assets	13	131,095	68,666
Guarantee deposits	11	19,316	17,302
Deferred tax assets	8	6,551	7,984
Bank deposits	15	-	117,523
		200,469	248,728
Current assets			
Inventories	12	35,725	29,151
Prepayments	13	27,083	31,776
Income tax prepaid		-	3,197
Trade and other receivables	14	60,784	35,119
Financial assets at fair value through profit or loss		543	891
Other taxes prepaid		4,060	4,268
Guarantee deposits	11	1,017	1,410
Bank deposits	15	75,574	8,142
Cash and bank balances	16	35,208	23,995
		239,994	137,949
Total assets		440,463	386,677
EQUITY AND LIABILITIES			
Equity			
Share capital	17	17,000	17,000
Foreign currency translation reserve		(17,971)	(15,477)
Retained earnings		266,897	242,404
Total equity		265,926	243,927
Non-current liabilities			
Loans	21	13,194	-
Provision for aircraft maintenance	19	6,326	12,086
		19,520	12,086
Current liabilities			
Loans	21	9,112	-
Deferred revenue	18	75,464	61,075
Provision for aircraft maintenance	19	18,204	16,220
Trade and other payables	20	51,689	52,576
Financial liabilities at fair value through profit or loss		548	793
		155,017	130,664
Total liabilities		174,537	142,750
Total equity and liabilities		440,463	386,677

On behalf of the Company's management:

АО «ЭЙР АСТАНА»

Peter Foster
President

9 November 2012
Almaty, Republic of Kazakhstan

Alima Zamanbekova
Chief Accountant

9 November 2012
Almaty, Republic of Kazakhstan

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CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2012 (UNAUDITED)
(in thousands of USD)

	Notes	Share capital	Foreign currency translation reserve	Retained earnings	Total equity
At 1 January 2011		17,000	(13,628)	200,542	203,914
Net profit for the period (unaudited)		-	-	49,311	49,311
Other comprehensive loss for the period (unaudited)		-	(1,016)	-	(1,016)
Total comprehensive income for the period (unaudited)		-	(1,016)	49,311	48,295
Dividends declared	17	-	-	(19,398)	(19,398)
At 30 September 2011 (unaudited)		17,000	(14,644)	230,455	232,811
At 1 January 2012		17,000	(15,477)	242,404	243,927
Net profit for the period (unaudited)		-	-	42,697	42,697
Other comprehensive loss for the period (unaudited)		-	(2,494)	-	(2,494)
Total comprehensive (loss)/income for the period (unaudited)			(2,494)	42,697	40,203
Dividends declared	17	-	-	(18,204)	(18,204)
At 30 September 2012 (unaudited)		17,000	(17,971)	266,897	265,926

On behalf of the Company's management:

АО «ЭЙР АСТАНА»

Peter Foster
President

9 November 2012
Almaty, Republic of Kazakhstan

Alima Zamanbekova
Chief Accountant

9 November 2012
Almaty, Republic of Kazakhstan

The notes on pages 8 to 33 form an integral part of this condensed interim financial information. The independent auditor's report on review condensed interim financial information is on page 2.

JOINT STOCK COMPANY AIR ASTANA

CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2012 (UNAUDITED)

(in thousands of USD)

	Notes	Nine-month period ended 30 September 2012 (unaudited)	Nine-month period ended 30 September 2011 (unaudited)
OPERATING ACTIVITIES:			
Profit before tax		54,172	61,990
Adjustments for:			
Depreciation and amortisation of property, plant and equipment and intangible assets	10	5,179	4,473
Gain on disposal of property, plant and equipment		(171)	(248)
Change in allowance for doubtful debts		3,200	3,191
Foreign exchange (gain)/loss		(453)	1,842
Finance income	7	(3,144)	(6,468)
Finance costs	7	941	-
Net unrealised loss on financial assets and liabilities at fair value through profit or loss	7	90	1,639
Operating cash flow before movements in working capital		59,814	66,419
Change in accounts receivable		(25,596)	(7,077)
Change in other receivables and prepaid expenses		1,984	(22,693)
Change in inventories		(6,812)	(7,795)
Change in accounts payable, accrued expenses and other current liabilities		(5,531)	19,851
Change in deferred revenue		15,110	16,889
Cash generated from operations		38,969	65,594
Income tax paid		(5,525)	(12,764)
Interest paid		(866)	-
Net cash generated by operating activities		32,578	52,830
INVESTING ACTIVITIES:			
Pre-delivery payments		(64,178)	(37,352)
Purchase of property, plant and equipment	9	(11,896)	(6,565)
Proceeds from disposal of property, plant and equipment		321	1,666
Purchase of intangible assets		(206)	(696)
Bank term deposits placed		(20,331)	(129,866)
Bank term deposits withdrawn		68,128	104,867
Interest received		3,275	3,426
Net cash used in investing activities		(24,887)	(64,520)

JOINT STOCK COMPANY AIR ASTANA

CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2012 (CONTINUED) (UNAUDITED)
(in thousands of USD)

	Notes	Nine-month period ended 30 September 2012 (unaudited)	Nine-month period ended 30 September 2011 (unaudited)
FINANCING ACTIVITIES:			
Proceeds from borrowings		111,704	-
Repayment of borrowings		(89,469)	-
Dividends paid		(18,204)	(19,398)
Net cash received from/(used in) financing activities		4,031	(19,398)
NET INCREASE/(DECREASE) IN CASH AND BANK BALANCES		11,722	(31,088)
Effect of exchange rate changes on cash and bank balances held in foreign currencies		(509)	401
CASH AND BANK BALANCES, at the beginning of the period	16	23,995	41,545
CASH AND BANK BALANCES, at the end of the period	16	35,208	10,858

On behalf of the Company's management:

АО «ЭЙР АСТАНА»

Peter Foster	**Alima Zamanbekova**
President	**Chief Accountant**
9 November 2012	9 November 2012
Almaty, Republic of Kazakhstan	Almaty, Republic of Kazakhstan

The notes on pages 8 to 33 form an integral part of this condensed interim financial information. The independent auditor's report on review of condensed interim financial information is on page 2.

1. NATURE OF ACTIVITIES

JSC Air Astana (the "Company") is a joint stock company as defined in the Civil Code of the Republic of Kazakhstan. The Company was established as a closed joint stock company on 14 September 2001 by Resolution of the Government of the Republic of Kazakhstan #1118 dated 29 August 2001. Due to a change in legislation introduced in 2003, the Company was re-registered as a joint stock company on 27 May 2005.

The Company's principal activity is the provision of scheduled domestic and international air services for passengers. Other business activities include freight and mail transportation.

The Company operated its maiden flight on 15 May 2002, a Boeing 737 service from Almaty to Kazakhstan's national capital, Astana. As at 30 September 2012 the Company operated 24 aircraft comprising 2 short-haul turboprop aircraft, 5 short-haul and 17 long-haul aircraft (2011: comprising 6 short-haul turboprop aircraft, 3 short-haul and 17 long-haul aircraft).

The Company re-registered its office in 2010 from Astana, Kazakhstan to Zakarpatskaya street 4A, Almaty, Kazakhstan as the Company's main airport of operations is Almaty International Airport.

The shareholders of the Company are JSC "National Welfare Fund "Samruk-Kazyna" (which holds the investment on behalf of the Government of the Republic of Kazakhstan) and BAE Systems Kazakhstan Limited, which own 51% and 49% of the shares of the Company, respectively.

2. BASIS OF PRESENTATION

The condensed interim financial information of the Company has been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting ("IAS 34"). Accordingly, certain information and disclosures normally required to be included in the notes to the annual financial statements have been omitted or condensed. The condensed interim financial information should be read in conjunction with the financial statements and with selective notes to the financial statements of the Company for the year ended 31 December 2011.

The condensed interim financial information has been prepared under the historical cost convention, except for the measurement at fair value of certain financial instruments according to IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39").

The preparation of the condensed interim financial information in conformity with IAS 34 requires management of the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities of the Company, and disclosure of contingent assets and liabilities at the reporting date, and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The condensed interim financial information reflects all adjustments that, in the opinion of management of the Company, are necessary for a fair presentation of the results of operations for the interim period. All such adjustments to the condensed interim financial information are of a normal, recurring nature. Because the results from common operating activities are closely related and responsive to changes in market conditions, the results for any interim period are not necessarily indicative of the results that can be expected for the year.

Functional and presentation currency

The national currency of Kazakhstan is the Kazakhstani Tenge ("tenge"), which is the Company's functional currency, because it reflects the economic substance of the underlying events and circumstances of the Company. The US Dollar ("USD") is the presentation currency for this condensed interim financial information since management believes that this currency is more useful for the users of this condensed interim financial information. All financial information presented in USD has been rounded to the nearest thousand.

The tenge is not a readily convertible currency outside Kazakhstan and, accordingly, any conversion of tenge to USD should not be construed as a representation that the tenge amounts have been, could be, or will be in the future, convertible into USD at the exchange rate disclosed, or at any other exchange rate.

In preparing the condensed interim financial information, transactions in currencies other than the Company's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

Financial results and financial position of the Company are translated into the presentation currency using the following procedures:

a) assets and liabilities for each reporting date presented (i.e. including comparatives) are translated at the closing rate at the date of that reporting date;
b) income and expenses for the reporting period (i.e., including comparatives) are translated at average exchange rates during the nine-month period; and
c) all resulting exchange differences are recognised as foreign currency translation reserve within other comprehensive income.

The following table summarises tenge exchange rates at 30 September and for the nine-month period then ended:

	Average rate		**Reporting date spot-rate**	
	Nine-month period ended 30 September 2012 (unaudited)	**Nine-month period ended 30 September 2011 (unaudited)**	**30 September 2012 (unaudited)**	**31 December 2011**
US dollar (USD)	148.66	146.19	149.86	148.40
Euro (EUR)	190.54	205.60	194.02	191.72
British Pound (GBP)	234.44	235.95	243.09	228.80

3. SIGNIFICANT ACCOUNTING POLICIES

In preparing this condensed interim financial information the Company has applied the same accounting policies and methods of computation as those applied in the annual financial statements of the Company for the year ended 31 December 2011. There were no changes in accounting policies during the nine-month period ended 30 September 2012.

4. APPROVAL OF THE CONDENSED INTERIM FINANCIAL INFORMATION

The condensed interim financial information was approved by management and authorised for issue on 9 November 2012.

5. REVENUE

Passenger revenue	Three-month period ended 30 September 2012 (unaudited)	Three-month period ended 30 September 2011 (unaudited)	Nine-month period ended 30 September 2012 (unaudited)	Nine-month period ended 30 September 2011 (unaudited)
Passenger transportation	188,032	182,276	499,557	474,631
Fuel surcharge	35,914	16,062	80,966	39,712
Airport services	9,883	8,654	25,628	21,642
Excess baggage	3,073	1,482	7,235	4,395
	236,902	208,474	613,386	540,380

Cargo and mail revenue	Three-month period ended 30 September 2012 (unaudited)	Three-month period ended 30 September 2011 (unaudited)	Nine-month period ended 30 September 2012 (unaudited)	Nine-month period ended 30 September 2011 (unaudited)
Cargo	6,403	5,750	16,854	14,861
Mail	456	156	1,306	447
	6,859	5,906	18,160	15,308

Other revenue	Three-month period ended 30 September 2012 (unaudited)	Three-month period ended 30 September 2011 (unaudited)	Nine-month period ended 30 September 2012 (unaudited)	Nine-month period ended 30 September 2011 (unaudited)
Penalties on agency contracts	2,116	1,772	5,671	4,895
Government subsidies (Note 24)	907	578	2,703	1,608
Advertising revenue	592	532	1,478	1,285
Income from ground services	165	223	477	668
Gain on disposal of spare parts and other assets	32	10	240	143
Spare parts received free of charge	3	-	10	-
Other	636	352	1,523	1,178
	4,451	3,467	12,102	9,777

During the nine-month period ended 30 September 2012 passenger and cargo revenue were generated from the following destinations:

	Three-month period ended 30 September 2012 (unaudited)	**Three-month period ended 30 September 2011 (unaudited)**	**Nine-month period ended 30 September 2012 (unaudited)**	**Nine-month period ended 30 September 2011 (unaudited)**
Europe	111,178	96,268	257,796	227,690
Domestic	91,177	81,683	245,393	218,993
Asia	41,406	36,429	128,357	109,005
Total passenger and cargo revenue	243,761	214,380	631,546	555,688

6. OPERATING EXPENSES

Engineering and maintenance	**Three-month period ended 30 September 2012 (unaudited)**	**Three-month period ended 30 September 2011 (unaudited)**	**Nine-month period ended 30 September 2012 (unaudited)**	**Nine-month period ended 30 September 2011 (unaudited)**
Maintenance – variable lease payments	13,457	11,723	36,640	33,866
Spare parts	3,030	2,539	8,671	6,850
Maintenance – components	2,259	4,473	10,454	14,650
Maintenance provision accrual (Note 19)	659	2,346	1,513	6,030
Technical inspection	653	586	2,255	1,513
	20,058	21,667	59,533	62,909

Aircraft operating lease costs	**Three-month period ended 30 September 2012 (unaudited)**	**Three-month period ended 30 September 2011 (unaudited)**	**Nine-month period ended 30 September 2012 (unaudited)**	**Nine-month period ended 30 September 2011 (unaudited)**
Fixed lease charges	18,983	17,410	58,679	53,079
Operating lease return costs	1,033	-	1,370	-
Leased engine on wing costs	388	627	1,505	(1,238)
Lease of engines and rotable spare parts	288	567	870	1,345
	20,692	18,604	62,424	53,186

Handling, landing fees and route charges	Three-month period ended 30 September 2012 (unaudited)	Three-month period ended 30 September 2011 (unaudited)	Nine-month period ended 30 September 2012 (unaudited)	Nine-month period ended 30 September 2011 (unaudited)
Aero navigation	9,605	7,473	24,602	20,364
Landing fees	8,178	7,250	22,480	19,878
Handling charge	7,475	6,730	22,395	20,269
Meteorological services	497	472	1,419	1,309
Other	574	218	1,019	520
	26,329	22,143	71,915	62,340

Employee costs	Three-month period ended 30 September 2012 (unaudited)	Three-month period ended 30 September 2011 (unaudited)	Nine-month period ended 30 September 2012 (unaudited)	Nine-month period ended 30 September 2011 (unaudited)
Wages and salaries of operational personnel	13,322	13,669	41,583	39,591
Wages and salaries of administrative personnel	2,674	3,011	8,231	8,637
Social tax	1,396	1,530	4,314	3,457
Wages and salaries of sales personnel	1,221	1,189	3,682	3,234
Other	1,139	831	3,497	2,290
	19,752	20,230	61,307	57,209

The average number of employees during nine-month period ended 30 September 2012 was 3,756 (2011: 3,358).

Passenger service	Three-month period ended 30 September 2012 (unaudited)	Three-month period ended 30 September 2011 (unaudited)	Nine-month period ended 30 September 2012 (unaudited)	Nine-month period ended 30 September 2011 (unaudited)
Airport charges	10,081	9,366	25,846	22,930
Catering	8,928	8,124	23,561	20,900
Security	795	748	1,896	1,575
In-flight entertainment	589	549	1,710	1,595
Other	1,675	1,486	4,501	4,356
	22,068	20,273	57,514	51,356

Selling costs	Three-month period ended 30 September 2012 (unaudited)	Three-month period ended 30 September 2011 (unaudited)	Nine-month period ended 30 September 2012 (unaudited)	Nine-month period ended 30 September 2011 (unaudited)
Commissions	6,178	8,726	23,267	23,970
Reservation costs	3,693	3,858	10,537	10,350
Advertising	1,736	1,523	3,861	3,341
Interline commissions	296	305	797	624
Other	404	350	1,012	1,043
	12,307	14,762	39,474	39,328

Aircraft crew costs	Three-month period ended 30 September 2012 (unaudited)	Three-month period ended 30 September 2011 (unaudited)	Nine-month period ended 30 September 2012 (unaudited)	Nine-month period ended 30 September 2011 (unaudited)
Contract crew	3,631	4,329	11,794	11,200
Accommodation and allowances	3,242	3,514	9,828	9,840
Training	2,254	3,114	7,887	8,788
	9,127	10,957	29,509	29,828

Insurance	Three-month period ended 30 September 2012 (unaudited)	Three-month period ended 30 September 2011 (unaudited)	Nine-month period ended 30 September 2012 (unaudited)	Nine-month period ended 30 September 2011 (unaudited)
Legal liability insurance	522	449	1,542	1,529
Hull insurance	513	555	1,635	1,737
Medical insurance	176	162	519	507
Other	60	63	188	173
	1,271	1,229	3,884	3,946

7. FINANCE INCOME AND COSTS

Finance income	Three-month period ended 30 September 2012 (unaudited)	Three-month period ended 30 September 2011 (unaudited)	Nine-month period ended 30 September 2012 (unaudited)	Nine-month period ended 30 September 2011 (unaudited)
Finance income on bank deposits	1,057	2,112	3,101	6,354
Realised gain on financial assets and liabilities held at fair value through profit or loss	-	299	-	1,959
Other	16	25	43	114
	1,073	2,436	3,144	8,427

Finance income/(costs)	Three-month period ended 30 September 2012 (unaudited)	Three-month period ended 30 September 2011 (unaudited)	Nine-month period ended 30 September 2012 (unaudited)	Nine-month period ended 30 September 2011 (unaudited)
Interest expense on bank loans	(292)	-	(941)	-
Bank commissions	(312)	(144)	(769)	(428)
Net unrealised gain/(loss) on financial assets and liabilities at fair value through profit or loss	1,146	(2,151)	(90)	(1,639)
	542	(2,295)	(1,800)	(2,067)

8. INCOME TAX EXPENSE

Income tax expense for the nine-month period ended 30 September is accrued using the tax rate that would be applicable to expected total annual earnings - that is, the estimated average annual effective income tax rate is applied to profit before tax of the interim period.

The Company's income tax expense was as follows:

	Three-month period ended 30 September 2012 (unaudited)	**Three-month period ended 30 September 2011 (unaudited)**	**Nine-month period ended 30 September 2012 (unaudited)**	**Nine-month period ended 30 September 2011 (unaudited)**
Current income tax expense	(9,238)	(6,422)	(10,109)	(15,419)
Deferred income tax (expense)/benefit	(303)	655	(1,366)	2,740
	(9,541)	(5,767)	(11,475)	(12,679)

The Company's income tax recognized in other comprehensive loss was as follows:

	Three-month period ended 30 September 2012 (unaudited)	**Three-month period ended 30 September 2011 (unaudited)**	**Nine-month period ended 30 September 2012 (unaudited)**	**Nine-month period ended 30 September 2011 (unaudited)**
Deferred income tax	(22)	(92)	(67)	(49)
	(22)	(92)	(67)	(49)

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The tax effect on the major temporary differences that give rise to the deferred income tax assets and liabilities as at 30 September 2012 and 31 December 2011 is presented below:

	30 September 2012 (unaudited)	**31 December 2011**
Deferred tax assets		
Provision for aircraft maintenance	4,906	5,662
Trade and other payables	2,233	2,147
Trade and other receivables	919	640
Intangible assets	99	53
Remuneration payable	-	1,071
Total	8,157	9,573
Deferred tax liabilities		
Difference in depreciable value of property, plant and equipment	(1,431)	(1,242)
Prepaid expenses	(175)	(347)
Total	(1,606)	(1,589)
Net deferred tax assets	6,551	7,984

During the nine-month period ended 30 September 2012 deferred income tax expense of 1,366 thousand USD was recognized in profit or loss and 67 thousand USD in other comprehensive income (unaudited) (nine-month period ended 30 September 2011: deferred income tax benefit of (2,740) thousand USD was recognized in profit or loss and 49 thousand USD in other comprehensive income) (unaudited).

The income tax rate in the Republic of Kazakhstan, where the Company is located, at 30 September 2012 and 31 December 2011 was 20%. The taxation charge for the period is different from that which would be obtained by applying the statutory income tax rate to profit before income tax. Below is a reconciliation of theoretical income tax at 20% (2011: 20%) to the actual income tax expense recorded in the Company's condensed interim statement of comprehensive income:

	Three-month period ended 30 September 2012 (unaudited)	**Three-month period ended 30 September 2011 (unaudited)**	**Nine-month period ended 30 September 2012 (unaudited)**	**Nine-month period ended 30 September 2011 (unaudited)**
Profit before tax	47,334	29,078	54,172	61,990
Income tax at statutory rate	9,466	5,816	10,834	12,398
Tax effect of non-deductible expenses/(non-taxable income)	75	(49)	641	281
Income tax expense	9,541	5,767	11,475	12,679

9. PROPERTY, PLANT AND EQUIPMENT

	Rotable spare parts	Office equipment and furniture	Building, premises and land	Vehicles	Equipment to be installed	Total
Cost						
At 1 January 2011	30,922	7,356	5,494	2,874	1,866	48,512
Additions	-	-	-	-	6,749	6,749
Disposals	(4,896)	(175)	-	(188)	-	(5,259)
Transfers from intangible assets	-	-	-	-	(883)	(883)
Transfers to inventory	(1)	(4)	-	-	(1,572)	(1,577)
Transfers from inventory	1	4	-	-	6,569	6,574
Transfers	7,317	1,239	-	465	(9,021)	-
Foreign currency translation difference	(238)	(61)	(37)	(23)	(34)	(393)
At 31 December 2011	33,105	8,359	5,457	3,128	3,674	53,723
Additions (unaudited)	-	-	-	-	11,896	11,896
Disposals (unaudited)	(318)	(6)	-	(82)	-	(406)
Transfers to inventory (unaudited)	-	-	-	-	(101)	(101)
Transfers (unaudited)	8,410	1,561	-	71	(10,042)	-
Foreign currency translation difference (unaudited)	(388)	(94)	(53)	(30)	(50)	(615)
At 30 September 2012 (unaudited)	40,809	9,820	5,404	3,087	5,377	64,497
Accumulated depreciation						
At 1 January 2011	11,987	3,122	728	1,138	-	16,975
Charge for the year	3,087	1,394	187	451	-	5,119
Disposals	(2,017)	(155)	-	(153)	-	(2,325)
Foreign currency translation difference	(94)	(36)	(7)	(10)	-	(147)
At 31 December 2011	12,963	4,325	908	1,426	-	19,622
Charge for the period (Note 10) (unaudited)	2,987	1,079	138	330	-	4,534
Disposals (unaudited)	(190)	(5)	-	(60)	-	(255)
Foreign currency translation difference (unaudited)	(148)	(52)	(10)	(15)	-	(225)
At 30 September 2012 (unaudited)	15,612	5,347	1,036	1,681	-	23,676
Net book value						
At 30 September 2012 (unaudited)	25,197	4,473	4,368	1,406	5,377	40,821
At 31 December 2011	20,142	4,034	4,549	1,702	3,674	34,101

As at 30 September 2012, the book value of fully depreciated property, plant and equipment that is still in use was USD 2,987 thousand (unaudited) (as at 31 December 2011: USD 1,360 thousand).

10. DEPRECIATION AND AMORTISATION

	Three-month period ended 30 September 2012 (unaudited)	Three-month period ended 30 September 2011 (unaudited)	Nine-month period ended 30 September 2012 (unaudited)	Nine-month period ended 30 September 2011 (unaudited)
Depreciation of property, plant and equipment	1,544	1,457	4,534	3,879
Amortisation of intangible assets	217	208	645	594
Total	1,761	1,665	5,179	4,473

11. GUARANTEE DEPOSITS

	30 September 2012 (unaudited)	31 December 2011
Non-current		
Guarantee deposits for leased aircraft	18,730	16,780
Other guarantee deposits	586	522
	19,316	17,302
Current		
Guarantee deposits for leased aircraft	316	550
Other guarantee deposits	701	860
	1,017	1,410
	20,333	18,712

Guarantee deposits for leased aircraft comprise security deposits required by the lease agreements as security for future lease payments to be made by the Company. Guarantee deposits are denominated primarily in US dollars.

Guarantee deposits are receivable as follows:

	30 September 2012 (unaudited)	31 December 2011
Within one year	316	550
After one year but not more than five years	16,768	14,311
More than five years	2,231	2,757
	19,315	17,618
Fair value adjustment	(269)	(288)
	19,046	17,330

12. INVENTORIES

	30 September 2012 (unaudited)	31 December 2011
Spare parts	20,531	17,144
Fuel	5,127	5,676
Goods in transit	4,932	2,001
Crockery	2,094	1,684
Promotional materials	1,076	954
De-icing liquid	1,073	699
Blank forms	602	567
Uniforms	264	296
Other	487	596
	36,186	29,617
Less: allowance for obsolete and slow-moving inventories	(461)	(466)
	35,725	29,151

13. PREPAYMENTS

	30 September 2012 (unaudited)	31 December 2011
Non-current		
Prepayments for non-current assets	130,139	68,666
Advances paid for services	956	1,537
	131,095	70,203
Less: allowance for non-recovery	-	(1,537)
	131,095	68,666
Current		
Advances paid for services	16,650	15,313
Advances paid for goods	9,690	11,308
Prepayments for operating leases	5,347	6,868
	31,687	33,489
Less: allowance for non-recovery	(4,604)	(1,713)
	27,083	31,776

The movements in the allowance for non-recovery were:

	Nine-month period ended 30 September 2012 (unaudited)	Year 2011
At the beginning of the period	(3,250)	(3,350)
Accrued during the period	(2,972)	(35)
Written-off against previously created allowance	1,575	113
Foreign currency translation difference	43	22
At the end of the period	(4,604)	(3,250)

The allowance for non-recovery includes advance payments made by the Company to suppliers which are currently subject to claims for recovery due to the suppliers' inability to complete the transactions.

14. TRADE AND OTHER RECEIVABLES

	30 September 2012 (unaudited)	31 December 2011
Trade receivables	45,531	18,966
Receivable from lessors – variable lease reimbursement	7,813	12,687
Due from employees	5,053	3,335
Subsidies receivable (Note 24)	768	443
Other	2,151	185
	61,316	35,616
Less: allowance for doubtful debts	(532)	(497)
	60,784	35,119

At 30 September 2012, eight debtors including IATA Bank Settlement Plans (BSPs) as collecting agencies from the worldwide travel agencies comprised 53% of the Company's trade and other receivables (unaudited) (2011: eight debtors comprised 29%).

Receivable from lessors represents the amount of variable lease reimbursement applied for by the Company as a result of maintenance events that occurred prior to reporting date.

The Company's trade and other receivables are denominated in the following currencies:

	30 September 2012 (unaudited)	31 December 2011
Tenge	28,401	6,622
US Dollar	15,683	18,633
Euro	6,859	4,751
Russian Rouble	4,190	1,036
Other	6,183	4,574
	61,316	35,616

15. BANK DEPOSITS

	30 September 2012 (unaudited)	31 December 2011
Current		
Term deposits with local banks	67,689	-
Guarantee deposits	21	26
Interest receivable	7,864	8,116
	75,574	8,142
Non-current		
Term deposits with local banks with original maturity more than 1 year	-	117,523
	75,574	125,665

Term deposits with local banks (with an original maturity of more than three months and more than one year) earn interest in the range from 4.1% to 8.2% per annum (unaudited) (31 December 2011: 3.5% to 8.2%). Bank deposits have no restrictions on early withdrawal.

Guarantee deposits made to meet the requirements of Kazakhstan legislation relating to foreign employees are denominated in tenge and earn interest from 0% to 4.5% per annum (unaudited) (31 December 2011: 4.5%).

Bank deposits are denominated in the following currencies as at 30 September 2012 and 31 December 2011:

	30 September 2012 (unaudited)	**31 December 2011**
US Dollar	74,031	118,627
Euro	1,521	7,011
Tenge	22	27
	75,574	125,665

16. CASH AND BANK BALANCES

	30 September 2012 (unaudited)	**31 December 2011**
Current accounts with local banks	28,117	9,074
Current accounts with foreign banks	6,974	6,867
Cash on hand	117	85
Term deposits with local banks with original maturity less than 3 months	-	7,969
	35,208	23,995

As at 30 September 2012, current accounts with banks earn interest in the range of 0.2% to 0.3% per annum (unaudited) (31 December 2011: 0.2% to 2%).

Cash and bank balances are denominated in the following currencies:

	30 September 2012 (unaudited)	**31 December 2011**
Tenge	20,484	7,138
Euro	4,066	2,954
Russian Rouble	3,014	1,059
Chinese Yuan	1,766	521
Indian Rupee	1,281	339
GBP	1,254	1,227
Uzbek Soms	1,106	4,822
US Dollar	547	5,679
Other	1,690	256
	35,208	23,995

17. EQUITY

As at 30 September 2012 and 31 December 2011, share capital comprised of 17,000 authorised, issued and fully paid ordinary shares with a par value of USD 1000 per share.

Dividends payable on ordinary shares are determined by the shareholders at the annual meeting.

In June 2011, the shareholders declared a dividend payment equivalent to 25% of profit for 2010. The total amount of the dividend of USD 19,398 thousand was distributed and paid to each shareholder in accordance with their shareholdings.

In May 2012, the shareholders declared a dividend payment equivalent to 30% of profit for 2011. The total amount of the dividend USD 18,204 thousand was distributed and paid to each shareholder in accordance with their shareholdings.

The calculation of basic earnings per share is based on profit for the nine-month period ended 30 September 2012 and 30 September 2011 and the weighted average number of ordinary shares outstanding for the same periods in the quantity of 17,000 shares. The Company has no instruments with the potential dilutive effect.

	Three-month period ended 30 September 2012 (unaudited)	**Three-month period ended 30 September 2011 (unaudited)**	**Nine-month period ended 30 September 2012 (unaudited)**	**Nine-month period ended 30 September 2011 (unaudited)**
Net profit	37,793	23,311	42,697	49,311
Number of ordinary shares	17,000	17,000	17,000	17,000
Earnings per share – basic and diluted (USD)	2,223	1,371	2,512	2,901

18. DEFERRED REVENUE

	30 September 2012 (unaudited)	**31 December 2011**
Unearned transportation revenue	59,133	47,704
Customer loyalty program	16,331	13,371
	75,464	61,075

Unearned transportation revenue represents the value of sold but unused passenger tickets, the validity period of which has not expired.

Deferred revenue attributable to the customer loyalty program refers to the Company's Nomad Club program.

19. PROVISION FOR AIRCRAFT MAINTENANCE

	30 September 2012 (unaudited)	31 December 2011
Engines	19,052	23,645
C-Check	4,833	2,670
Fokker-50 redelivery provisions	645	1,991
	24,530	28,306

The movements in the provision for aircraft maintenance were as follows for the nine-month period ended 30 September 2012 and the year ended 31 December 2011:

	Nine-month period ended 30 September 2012 (unaudited)	Year ended 31 December 2011
At 1 January	28,306	24,732
Accrued during the period (Note 6)	8,116	14,507
Reversed during the period (Note 6)	(6,603)	(6,617)
Used during the period	(5,040)	(4,105)
Foreign currency translation difference	(249)	(211)
At period end	24,530	28,306

Under the terms of its operating lease agreements for aircraft, the Company is obliged to carry out and pay for maintenance based on use of the aircraft and to return aircraft to the lessors in a satisfactory condition at the end of the lease term. The maintenance cost estimates used for provisions are in US Dollars.

The planned utilisation of these provisions is as follows:

	30 September 2012 (unaudited)	31 December 2011
Within one year	18,204	16,220
During the second year	4,013	7,349
During the third year	1,528	2,466
After the third year	785	2,271
Total provision for aircraft maintenance	24,530	28,306
Less: current portion	(18,204)	(16,220)
Non-current portion	6,326	12,086

Significant judgment is involved in determining the provision for aircraft maintenance. Management has engaged an independent specialist to assist in estimating the timing and cost of expected engine maintenance activities. The estimate by the independent specialist is prepared based on the current condition of aircraft, historical flight hours and cycles, expected future utilisation of the aircraft over the remaining life of the operating leases as well as requirements for returnable condition when the lease term is concluded. The estimates are based on the following key assumptions:

- expected utilisation rate for flight hours and cycles is based on historical data;
- market prices are used for services and parts;
- it is assumed that aircraft will be operated within standard norms and conditions; and
- no provisions have been made for unscheduled maintenance.

20. TRADE AND OTHER PAYABLES

	30 September 2012 (unaudited)	31 December 2011
Trade payables	35,757	31,666
Operating lease payables	3,769	4,417
Advances received	3,262	1,817
Wages and salaries payable to employees	3,042	3,320
Taxes payable	2,268	639
Employee unused vacation and remuneration payable	1,712	8,558
Other	1,879	2,159
	51,689	52,576

The Company’s trade payables are denominated in the following currencies:

	30 September 2012 (unaudited)	31 December 2011
US dollar	20,551	17,971
Tenge	19,093	23,418
Euro	7,611	7,201
Russian roubles	946	664
GBP	864	1,547
Other	2,624	1,775
	51,689	52,576

21. LOANS

	30 September 2012 (unaudited)	31 December 2011
Non-current		
Non-secured non-bank loans	13,194	-
	13,194	-
Current		
Current portion of non-secured non-bank loans	9,040	-
Interest payable	72	-
	9,112	-
	22,306	-

In 21 August 2012 the Company concluded a loan agreement for financing of pre-delivery payments for Boeing B767-300ER for up to USD 37,000 thousand. Maturity date is 31 December 2014 or delivery date of the aircraft if delivery occurs before maturity date. The loan is denominated in USD.

On 16 March 2012 the Company entered into a renewable credit line agreement with JSC Halyk Bank for the amount of USD 45,000 thousand for the purpose of replenishment of working capital in order to meet current liabilities and not to incur interest penalties on early termination of bank deposits. Interest rate was fixed depending on loan terms from 4.5% to 7.25% per annum. The loan was secured by cash kept on the Company's current accounts. The loan was denominated in USD. The loan was fully repaid during August 2012.

22. FINANCIAL INSTRUMENTS

Exposure to credit, interest rate, currency and commodity price risk arises in the normal course of the Company's business. The Company does not hedge its exposure to such risks, other than commodity price risk as discussed below.

Capital management

The Company manages its capital to ensure the Company will be able to continue as going concerns while maximising the return to the shareholders through the optimisation of the debt and equity balance. The Company overall strategy remains unchanged from 2011.

The capital structure of the Company consists of net debt and equity of the Company (comprising issued capital, foreign currency translation reserve and retained earnings as detailed in Note 17).

The Company is not subject to any externally imposed capital requirements.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Company uses other publicly available condensed interim financial information and its own trading records to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. On-going credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased.

As at 30 September 2012 there was no significant concentration of credit risk in respect of prepayments to travel agencies (Note 13) and trade accounts receivable (Note 14).

Interest rate risk

Management does not have a formal policy for determining how much of the Company's exposure should be to fixed or variable rates. However, at the time of raising new loans or borrowings, management uses its judgment to decide whether it believes that a fixed or variable rate would be more favorable to the Company over the expected period until maturity.

As at the reporting date the interest rate profile of the Company interest-bearing financial instruments was as follows:

	Carrying amount	
	30 September 2012 (unaudited)	**31 December 2011**
Financial liabilities with fixed interest rate	22,234	-
	22,234	-

Management believes that interest rate risk does not have significant affect for the Company due to fact that loans were received with fixed interest rate.

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, changes in which are reflected in the statement of comprehensive income for the period and the Company does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect profit or loss for the period.

Fair value

Management believes that fair value of financial assets and liabilities of the Company approximates their carrying value at the reporting date.

Commodity price risk

The Company uses options to economically hedge the exposure to movements in the price of aviation fuel. Financial instruments are acquired being call options (where a premium is paid upfront by the Company for covering the risk of increases of commodity price above a predetermined level) and a zero cost collar (where no premium is paid by the Company unless the price of the commodity decreases below a predetermined level). Since aviation fuel derivative financial instruments are not quoted or available in Kazakhstan, management signed economic hedge agreements with reference to changes in the crude oil price per barrel. The quantity of aviation fuel to be covered by such instruments is assessed on a quarterly basis by management as part of its risk management strategy. Economic hedging is conducted in accordance with the policy for hedge of fuel price changes approved by the Company's directors and shareholders.

Foreign currency risk

The Company is exposed to foreign currency risk on sales and purchases that are denominated in currencies other than the tenge. The currencies giving rise to this risk are primarily the USD and Euro. For amounts of assets and liabilities denominated in foreign currency refer to Notes 11, 14, 15, 16, 20 and 21.

Foreign currency sensitivity analysis

The Company is mainly exposed to the risk of change of exchange rates of tenge against USD and Euro.

The book value of the Company's monetary assets and liabilities in foreign currency as at the reporting date has been provided below. This disclosure excludes assets and liabilities denominated in other currencies as they do not have significant effect on the condensed interim financial information of the Company.

		US dollar		**Euro**	
	Notes	**30 September 2012 (unaudited)**	**31 December 2011**	**30 September 2012 (unaudited)**	**31 December 2011**
Assets					
Guarantee deposits		19,051	18,279	120	119
Trade and other receivables	14	15,683	18,633	6,859	4,751
Bank deposits	15	74,031	118,627	1,521	7,011
Cash and bank balances	16	547	5,679	4,066	2,954
Total		109,312	161,218	12,566	14,835
Liabilities					
Loans	21	22,306	-	-	-
Trade and other payables	20	20,551	17,971	7,611	7,201
Total		42,857	17,971	7,611	7,201
Net currency position		66,455	143,247	4,955	7,634

The following table details the Company's sensitivity to 10.72% increase of tenge against USD and 16.33% increase of tenge against Euro at 30 September 2012 and 31 December 2011 10.72% and 16.33% are the sensitivity rates used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. Management of the Company believes that given the current economic conditions in Kazakhstan that 10.72% for USD and 16.33% for Euro increase is a realistic movement in the tenge exchange rates against foreign currencies.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10.72% and 16.33% change in rates of USD and EUR, respectively, as at 30 September 2012 and 31 December 2011. The sensitivity analysis includes trade and other receivables, cash and bank balances, bank term deposits, loans and trade account payable.

A negative number below indicates a decrease in profit and equity where the tenge strengthens by 10.72% and 16.33% against USD and EUR, respectively. For a 10.72% and 16.33% weakening of the tenge against USD and EUR, respectively, on 30 September 2012 and 31 December 2011, there would be an equal and opposite impact on the profit and equity, and the balances below would be positive.

	Currency USD impact		**Currency Euro impact**	
	30 September 2012 (unaudited)	**31 December 2011**	**30 September 2012 (unaudited)**	**31 December 2011**
	10.72%	**10.72%**	**16.33%**	**16.33%**
Profit or (loss)	(5,699)	(12,285)	(647)	(997)

The Company limits the currency risk by monitoring changes in exchange rates of foreign currencies in which cash and bank balances, bank term deposits, accounts receivable and accounts payable and loans are denominated.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity and interest risk tables

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

	Weighted average effective interest rate %	**Up to 3 months**	**3 months to 1 year**	**1-5 years**	**Total**
30 September 2012 (unaudited)					
Financial liabilities					
Interest free					
Trade and other payables	-	-	49,977	-	49,977
Financial liabilities at fair value through profit or loss	-	-	548	-	548
Fixed rate					
Non-secured non-bank loans	-	-	9,441	17,799	27,240
31 December 2011					
Financial liabilities					
Interest free					
Trade and other payables	-	-	41,562	-	41,562
Financial liabilities at fair value through profit or loss	-	-	793	-	793

The following table details the Company's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Company anticipates that the cash flow will occur in a different period.

	Weighted average effective interest rate %	Up to 3 months	3 months to 1 year	1-5 years	Over 5 years	Total
30 September 2012 (unaudited)						
Financial assets						
Interest free						
Trade and other receivables	-	-	60,784	-	-	60,784
Financial assets at fair value through profit or loss	-	-	543	-	-	543
Guarantee deposits	-	-	1,017	17,144	2,172	20,333
Cash and bank balances	-	35,208	-	-	-	35,208
Fixed rate						
Bank deposits	5.96%	11,471	65,285	-	-	76,756
2011						
Financial assets						
Interest free						
Trade and other receivables	-	-	35,119	-	-	35,119
Financial assets at fair value through profit or loss	-	-	891	-	-	891
Guarantee deposits	-	-	10	15,984	2,718	18,712
Cash and bank balances	-	23,995	-	-	-	23,995
Fixed rate						
Bank deposits	5.68%	112	10,681	120,483	-	131,276

Fair values

The fair values of financial assets and financial liabilities of the Company are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

The following methods and assumptions are used by the Company to estimate the fair value of these financial instruments:

Cash and bank balances

The carrying value of cash and bank balances approximates their fair value as they either have short-term maturity or are interest-bearing and hence are not discounted.

Trade and other receivables and payables

For assets and liabilities maturing within twelve months, the carrying value approximates fair value due to the relatively short-term maturity of these financial instruments.

For financial assets and liabilities maturing in over twelve months, the fair value represents the present value of estimated future cash flows discounted at year-end market rates. Average market borrowing rates were as follows:

	30 September 2012 (% per annum) (unaudited)	**31 December 2011 (% per annum)**
Tenge		
For 1 to 5 years	11.7%-13.1%	11.4%-12.4%
Foreign currency		
For 1 to 5 years	8.3%-8.5%	6.8%-11.6%

Management considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed interim financial information approximate their fair values.

Financial instruments at fair value through profit or loss

Valuation of financial instruments recognised at fair value through profit or loss is based on inputs for which all significant inputs are observable, either directly or indirectly and valuations are based on one or more observable quoted prices for orderly transactions in markets that are not considered active and represent Level 2 of the fair value hierarchy.

Trade and other receivables and payables

For receivables and payables with a maturity of less than twelve months fair value is not materially different from the carrying amount because the effect of the time value of money is not material.

Provisions

For provisions which meet the definition of financial liabilities the fair value is not materially different from the carrying amount because the effect of the time value of money is not material.

23. COMMITMENTS AND CONTINGENCIES

Operating lease commitments

Aircraft

Aircraft operating leases are for terms of between 5 to 10 years. All operating lease contracts contain market review clauses in the event that the Company exercises its option to renew. The Company does not have an option to purchase the leased aircraft at the expiry of the lease period.

Operating lease commitments include fixed lease payments and variable lease payments which vary according to flying hours and cycles.

The fixed and variable lease payments are denominated and settled in US dollars. This currency is routinely used in international commerce for aircraft operating leases.

Non-cancellable operating lease commitments are payable as follows:

	30 September 2012 (unaudited)	**31 December 2011**
Within one year	111,909	111,239
After one year but not more than five years	271,336	165,075
More than five years	111,883	75,732
	495,128	352,046

Engine

During 2010, the Company purchased a spare engine and subsequently entered into a sale and leaseback transaction for the engine. The lease term is 10 years with an extension period of 5 years at the agreement of the lease agreement parties.

The fixed and variable lease payments are denominated and settled in US dollars. This currency is routinely used in international commerce for engine operating leases.

Non-cancellable operating lease commitments are payable as follows:

	30 September 2012 (unaudited)	**31 December 2011**
Within one year	1,410	1,457
After one year but not more than five years	6,076	6,319
More than five years	2,207	3,015
	9,693	10,791

Insurance

The Company has the following insurance coverage provided and underwritten to international standards:

- Aviation Hull, Total Loss Only and Spares All risks and Airline Liability including Passenger Liability;
- Aircraft Hull and Spare Engine Deductible;
- Aviation Hull and Spares “War and Allied Perils”;
- Aviation War, Hi-Jacking and Other Perils Excess Liability;
- Medical insurance of employees;
- Directors, Officers and Corporate liability insurance;
- Property insurance with additional business interruption coverage;
- Comprehensive vehicle insurance;
- Compulsory insurance of employee from accidents during execution of labor (service) duties;
- Commercial general liability insurance (Public Liability);
- Civil liability insurance to customs authorities.

Capital commitments

During 2008 the Company signed an agreement with Airbus to purchase six Airbus narrow-body aircraft. The Company is committed to pre-delivery payments in accordance with an agreed payment schedule. Payments commenced in 2008 and the last payment is due in 2013. The terms of the Company's contract precludes it from disclosing information on the purchase cost of the aircraft.

During 2011 the Company signed an agreement with Embraer to purchase two Embraer-190 narrow - body aircraft. The Company is committed to pre-delivery payments in accordance with an agreed payment schedule. Payments commenced in 2011. The terms of the Company's contract precludes it from disclosing information on the purchase price of the aircraft.

In July 2012 the Company negotiated financing with the Brazilian Development Bank for the purchase of up to four Embraer aircraft.

During 2012, the Company signed an agreement with Boeing to purchase three Boeing-787 and three Boeing-767 aircraft. The Company is committed to pre-delivery payments in accordance with the agreed payment schedule. 50% of pre-delivery payments are paid from own resources and 50% is financed by the borrowings (Note 21). Last pre-delivery payment is expected in 2013.

Taxation contingencies

The taxation system in Kazakhstan is relatively new and is characterised by numerous taxes and frequent changes in legislation, official pronouncements and court decisions. Taxes are subject to review and investigation by a number of authorities, which have the authority to impose severe fines, penalties and interest charges. A tax year remains open for review by the tax authorities during five subsequent calendar years; however, under certain circumstances a tax year may remain open longer.

Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on this condensed interim financial information, if the authorities were successful in enforcing their interpretations, could be significant.

Operating environment

Emerging markets such as Kazakhstan are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. As has happened in the past, actual or perceived financial problems or an increase in the perceived risks associated with investing in emerging economies could adversely affect the investment climate in Kazakhstan and Kazakhstani economy in general.

Laws and regulations affecting businesses in Kazakhstan continue to change rapidly. Tax, currency and customs legislation within Kazakhstan are subject to varying interpretations, and other legal and fiscal impediments contribute to the challenges faced by entities currently operating in Kazakhstan. The future economic direction of Kazakhstan is heavily influenced by the economic, fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment.

The global financial system continues to exhibit signs of deep stress and many economies around the world are experiencing lesser or no growth than in prior years. Additionally there is increased uncertainty about the creditworthiness of some sovereign states in the Eurozone and financial institutions with exposure to the sovereign debt of such states. These conditions could slow or disrupt Kazakhstan's economy, adversely affect the Company's access to capital and cost of capital for the Company and, more generally, its business, results of operations, financial condition and prospects.

As Kazakhstan produces and exports large volumes of oil and gas, its economy is particularly sensitive to the price of oil and gas on the world market which has fluctuated significantly during the nine-month period ended 30 September 2012 and year ended 31 December 2011.

24. RELATED PARTY TRANSACTIONS

Control relationships

The shareholders of the Company are JSC "National Welfare Fund "Samruk-Kazyna" (which holds the investment on behalf of the Government of the Republic of Kazakhstan) and BAE Systems Kazakhstan Limited, which own 51% and 49% of the shares of the Company, respectively.

In 2007 the shareholders appointed two independent directors; one is from JSC "National Welfare Fund "Samruk-Kazyna", and another from BAE System Kazakhstan Limited. An agreement with the independent directors was signed in 2007 and total remuneration paid during nine-month period ended 30 September 2012 to independent directors was USD 72 thousand (unaudited) (nine-month period ended 30 September 2011: USD 73 thousand) (unaudited).

Management remuneration

Key management (on 30 September 2012: 25 persons, 30 September 2011: 23 persons) (unaudited) received the following remuneration, which is included in personnel costs (see Note 6):

	Nine-month period ended 30 September 2012 (unaudited)	**Nine-month period ended 30 September 2011 (unaudited)**
Salaries and bonuses	3,062	2,680
Termination benefits	136	1
	3,198	2,681

Transactions with related parties

Related parties comprise the shareholders of the Company and all other companies in which those shareholders, either individually or together, have a controlling interest.

The Company provides air transportation services to Government departments, government agencies and State-owned enterprises. These transactions are conducted in the ordinary course of the Company's business on terms comparable to those with other entities that are not state-controlled.

The Company has established its buying, pricing strategy and approval process for purchases and sales of products and services. Such buying, pricing strategy and approval processes do not depend on whether the counterparties are state-controlled entities or not.

In accordance with the resolution of the Government of the Republic of Kazakhstan #915 dated 17 August 2002, the Government provides subsidies to companies rendering passenger and air cargo services on unprofitable routes. The Government subsidies for the nine-month period ended 30 September 2012 amounted to USD 2,703 thousand (unaudited) (nine-month period ended 30 September 2011: USD 1,608 thousand) (unaudited) (Note 5). As at 30 September 2012 the outstanding amount due to the Company for subsidies was USD 768 thousand (unaudited) (31 December 2011: USD 443 thousand) (Note 14).

Having considered the potential for transactions to be impacted by related party relationships, the entity's pricing strategy, buying and approval processes, and what information would be necessary for an understanding of the potential effect of the relationship on the condensed interim financial information, management is of the opinion that the following transactions require disclosure as related party transactions:

Services received	**Nine-month period ended 30 September 2012 (unaudited) Transaction value**	**30 September 2012 (unaudited) Outstanding balance**	**Nine-month period ended 30 September 2011 (unaudited) Transaction value**	**31 December 2011 Outstanding balance**
State-owned companies	24,786	(2,026)	27,103	(477)
Shareholders and their subsidiaries	19,567	(155)	7,876	(430)
	44,353	(2,181)	34,979	(907)

Services from related parties are represented by airport, navigation and meteorological forecasting services.

Services provided by the Company	**Nine-month period ended 30 September 2012 (unaudited) Transaction value**	**30 September 2012 (unaudited) Outstanding balance**	**Nine-month period ended 30 September 2011 (unaudited) Transaction value**	**31 December 2011 Outstanding balance**
Shareholders and their subsidiaries	714	131	460	112
	714	131	460	112

25. SUBSEQUENT EVENTS

The Company obtained funding from Brazilian bank "Banco Nacional De Desenvolvimento Econômico e Social" (BNDES) for part of purchase price of one Embraer E190 on a finance lease basis. The transaction was completed and the aircraft was delivered to the Company on 29 October 2012.

Unsecured stand-by Letter of Credit was obtained from HSBC Bank Kazakhstan as security for Lessor to cover any unfulfilled maintenance liabilities on the return of one Embraer E190 to Lessor at end of lease.